

IPMA

Leadership Education Networking

Beyond Mandates: Getting to “Sustainable” IT Governance Best Practices

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Agenda

- > IT Governance Definition
- > IT Governance Principles
- > IT Governance Decisions
- > IT Governance Processes
- > IT Governance Mechanisms
- > Summary & Wrap-up

First, What is IT Governance?

- > Structure of relationships and processes to direct and control the IT enterprise to achieve IT's goals by adding value while balancing risk versus return over IT and its processes. © IT Governance Institute. All rights reserved.
- > "The processes that ensure the effective and efficient use of IT in enabling an organization to achieve its goals." © 2006 Gartner, Inc. All rights reserved.
- > "The process by which decisions are made in IT investments." © 2005 Forrester Research, Inc. All rights reserved.
- > Simple Version - **The processes and relationships that lead to reasoned decision-making in IT**
- > 3 Key Questions:
 - **What decisions need to be made?**
 - **Who is accountable for making the decisions?**
 - **How will the decisions be made?**

An Executive View of IT Governance



Based on 2008 Survey of 255 Non-IT CEOs/Executives

- > 50% Ranked ITG as “very important”
- > 75% of businesses consider ITG to be an integral part of enterprise governance, but the overall maturity level is still relatively low
- > Stronger ITG practices correlate positively with better IT outcome (ITG is more often found in organizations where IT is a significant contributor to business value)

Every Organization Addresses Five Key IT Governance Decisions

IT Principle Decisions

Clarifying Enterprise Objectives for IT

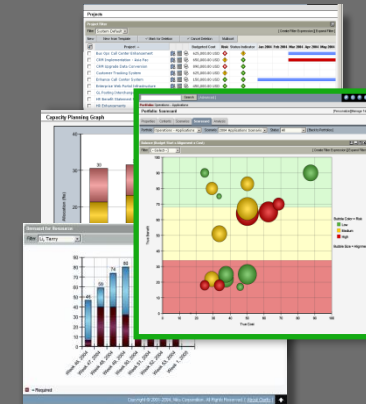
IT Architecture
Decisions



IT Infrastructure
Decisions



IT Investment and
Prioritization
Decisions



Business Application
Decisions



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IT Governance is Based on Meeting Five Principles

- > **Ensure IT is aligned with the business** – focus on aligning with the business and collaborative solutions
- > **Ensure IT delivers value to the business** – concentrating on optimizing expenses and proving the value of IT (#1*)
- > **Ensure IT manages risk**– addressing the safeguard of IT assets, disaster recovery and continuity of operations (#2*)
- > **Ensure IT manages resources**– realizing the optimal investment in, and proper management of, critical IT resources
- > **Ensure IT manages performance**– tracking and monitoring strategy implementation, project success, resource usage, process performance and service delivery

*According to the ITGI 2008 Survey of 255 Non-IT Executives

IT Governance Decisions

IT Principles - Clarifying the role of IT in the business – basis for defining IT Archetype

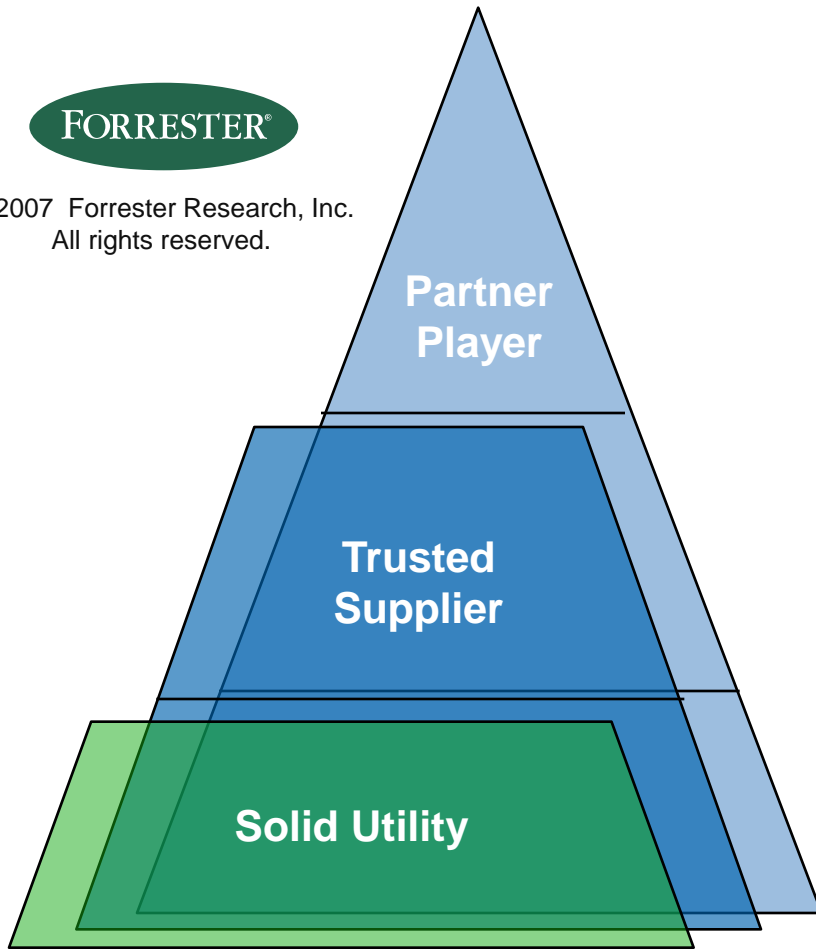


- > Based on the Business Principles of the enterprise – business drives IT
- > Driven by Business' expectations and industry sector constraints
- > Developed by IT and business leadership
- > A related set of high-level statements about how IT is used in the business
- > IT Principles provide clarity and focus for the IT enterprise, establishing the direction for all other decisions

IT Archetypes

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Partner Player

- ▶ IT organizations expected to create unique and competitive solutions with customers, suppliers, and internal users — plus, being a Trusted Supplier.

Trusted Supplier

- ▶ IT organizations expected to deliver app projects on time and on budget, based on operating units' requirements and priorities — plus, being a Solid Utility.

Solid Utility:

- ▶ IT organizations expected to provide cost-effective, dial-tone reliability with transparent, constantly declining costs.

Approximately one-third of companies are in each of the archetypes according to the Forrester State Of IT Governance In North American And European Enterprises Report © 2008, Forrester Research, Inc. All rights reserved.

IT Governance Decisions

IT Architecture - Defining integration and standardization requirements

- > Organizing logic for data, applications and infrastructure
- > Captured in policies, relationships and technical choices
- > Technical and data standardization
- > Defines where shared infrastructure ends and applications begin
- > **Supports current and future application needs**



IT Governance Decisions

IT Infrastructure Strategies - Determining shared and enabling services



- > Foundation of planned IT capability
- > Shared and reliable services used by multiple applications
- > Includes infrastructure applications
- > All communications pass through a security and risk capability
- > **Enables rapid implementation of future business initiatives**

IT Governance Decisions

Business Application Needs - Specifying the business need for purchased or internally developed IT applications

- > Fundamentally improve business processes
- > Enables operating efficiency
- > Balance of creativity and discipline
- > Willingness to sacrifice functionality for architectural integrity
- > **Contributes to strategic value**



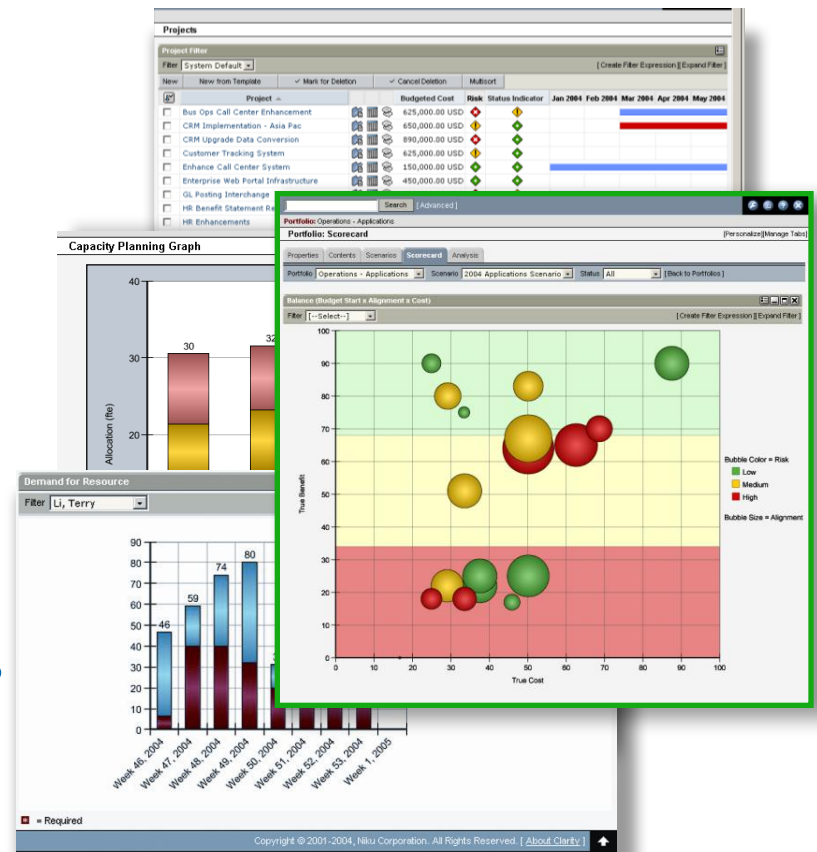
*75% Said IT is "failing", especially on application delivery**

*According to the ITGI 2008 Survey of 255 Non-IT Executives

IT Governance Decisions

IT Investment and Prioritization - Choosing which initiatives to fund and how much to spend

- > How much do we spend?
- > What do we spend it on?
- > How do we reconcile the needs of different constituencies?
- > Requires business-led and IT-enabled Portfolio Management
- > **Ensures IT spending reflects strategic priorities**

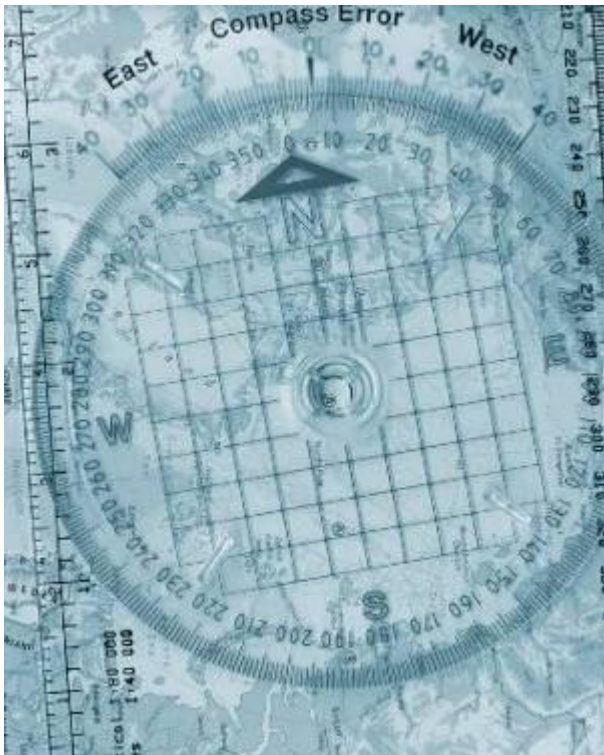


Each IT Governance Decision is Enabled by IT Governance Processes

- > Integrated Business & IT Planning
- > IT Investment Assessment, Prioritization, Funding & Benefits Realization Accountability
- > IT Financial & Resource Allocation
- > Project Prioritization & Decision-making
- > Emerging Technology Evaluation & Adoption
- > Client Relationship Management
- > Building & Maintaining Applications & Infrastructure
- > Provisioning of IT Services
- > Outsourcing Services
- > Audit & Risk Management
- > Architecture Management - Standards & Review

IT Governance Processes

Integrated Business and IT Planning



- > IT Strategic Plan based on Business Strategic Plan
- > IT Tactical Plan based on IT Strategic Plan
- > IT Operational Plan based on IT Tactical Plan

IT Governance Processes

Architecture Management

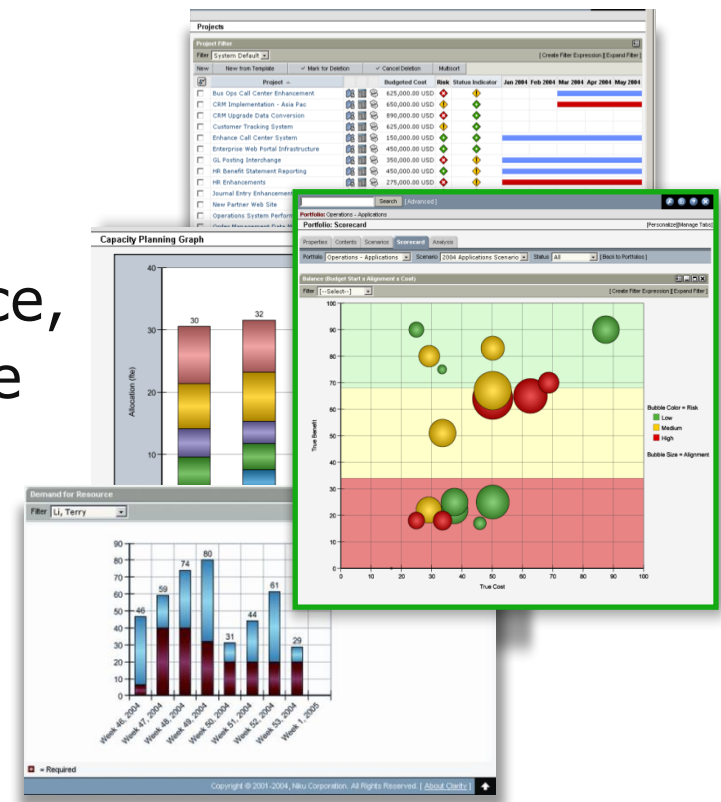
- > Defined architecture
- > Policies, standards, relationships and technical choices
- > Architecture Committee



IT Governance Processes

IT Investment Assessment, Prioritization, Funding & Benefits Realization Accountability

- > Demand Management
- > Portfolio Management
 - Project, Demand, Resource, Asset, Application, Service
- > Governance or Steering Committee
- > PMO Supported



IT Governance Processes

IT Financial and Resource Allocation

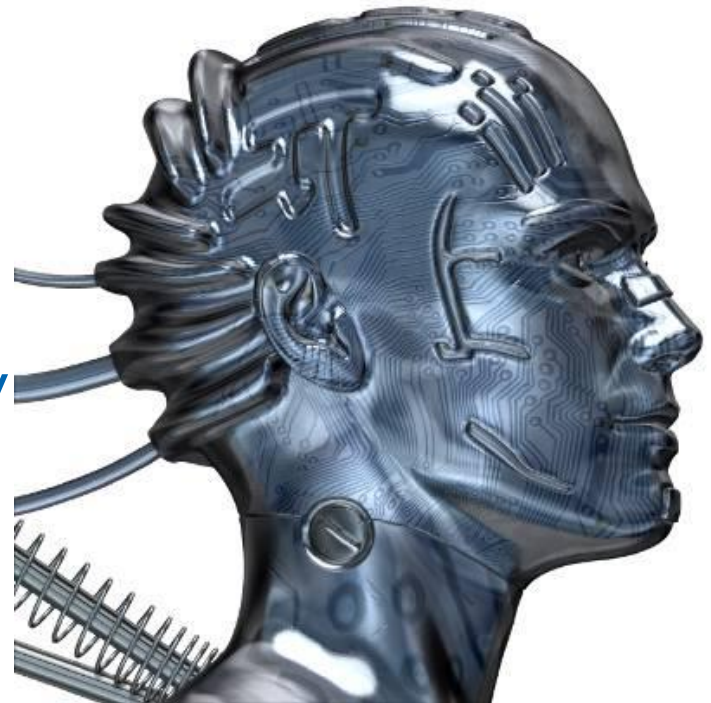


- > Financial Services for IT
- > Financial plans
- > Budgets and forecasts
- > Cost accounting
- > Chargeback
- > Resource management

IT Governance Processes

Emerging Technology Evaluation and Adoption

- > Research and development
- > Market side – not just supply side
- > Linked to business strategy
- > *IT Management believes they provide the business with frequent info about new tech opportunities, but the biz side does not seem to receive the info**



*According to the ITGI 2008 Survey of 255 Non-IT Executives

IT Governance Processes

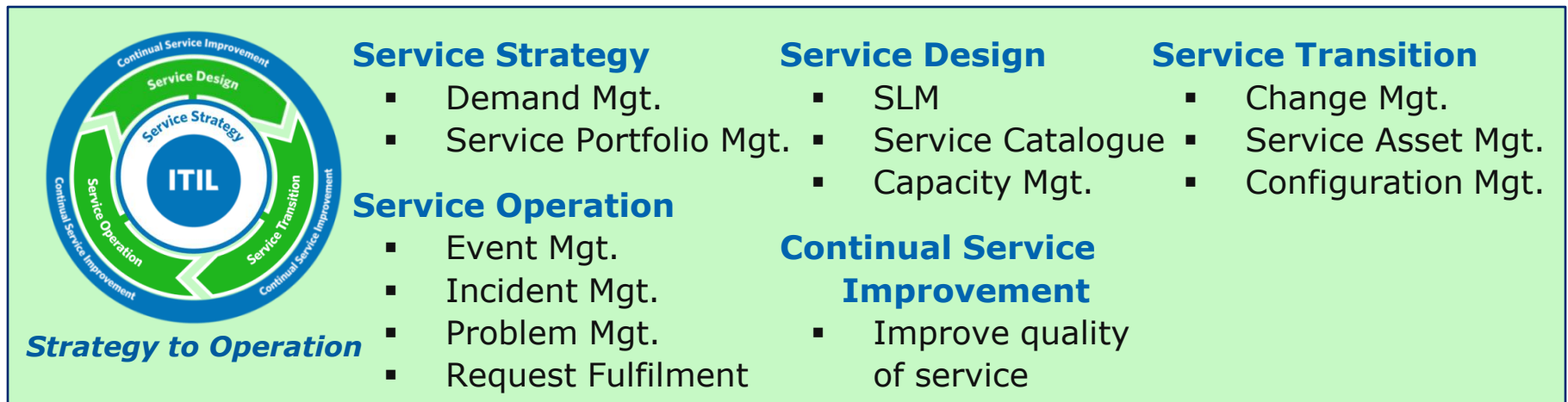
Client Relationship Management



- > Advocate for business and IT
- > Acute understanding of business needs
- > Acute understanding of IT capability
- > Facilitate communication and collaboration
- > Speed and improve decisions
- > Improve requirements processes
- > Ensure value and performance

IT Governance Processes

- > **Building and Maintaining Applications and Infrastructure**
- > **Provisioning of IT Services**
- > SDLC – CMMI - Testing - Q&A
- > ITIL Service Lifecycle



IT Governance Processes

Outsourcing Services



- > Facilitates decision that services are better provided externally
- > Vendor and contract management
- > Fact-based price comparisons
- > Sets clear expectations for provider performance
- > Ensures architectural fit

IT Governance Processes

Audit and Risk Management

- > Risk modeling and assessment
- > Partner with IT Audit – COBIT
- > Security
- > Service continuity and disaster recovery
- > Compliance
- > Policies & Standards



Many Companies are Undertaking IT Governance Initiatives – What We Hear

> Audit Influence

- ISACA/IT Governance Institute
- Audit Issues

> Risk and Compliance

- Regulatory Requirements
- Legal Requirements
- Security Requirements

> Investment Decision-making - PPM

- IT-Business Alignment
- IT Accountability to the Business

> Increased IT Governance Awareness

> Driven by the Board of Directors

ITG is Intended for the Board of Directors

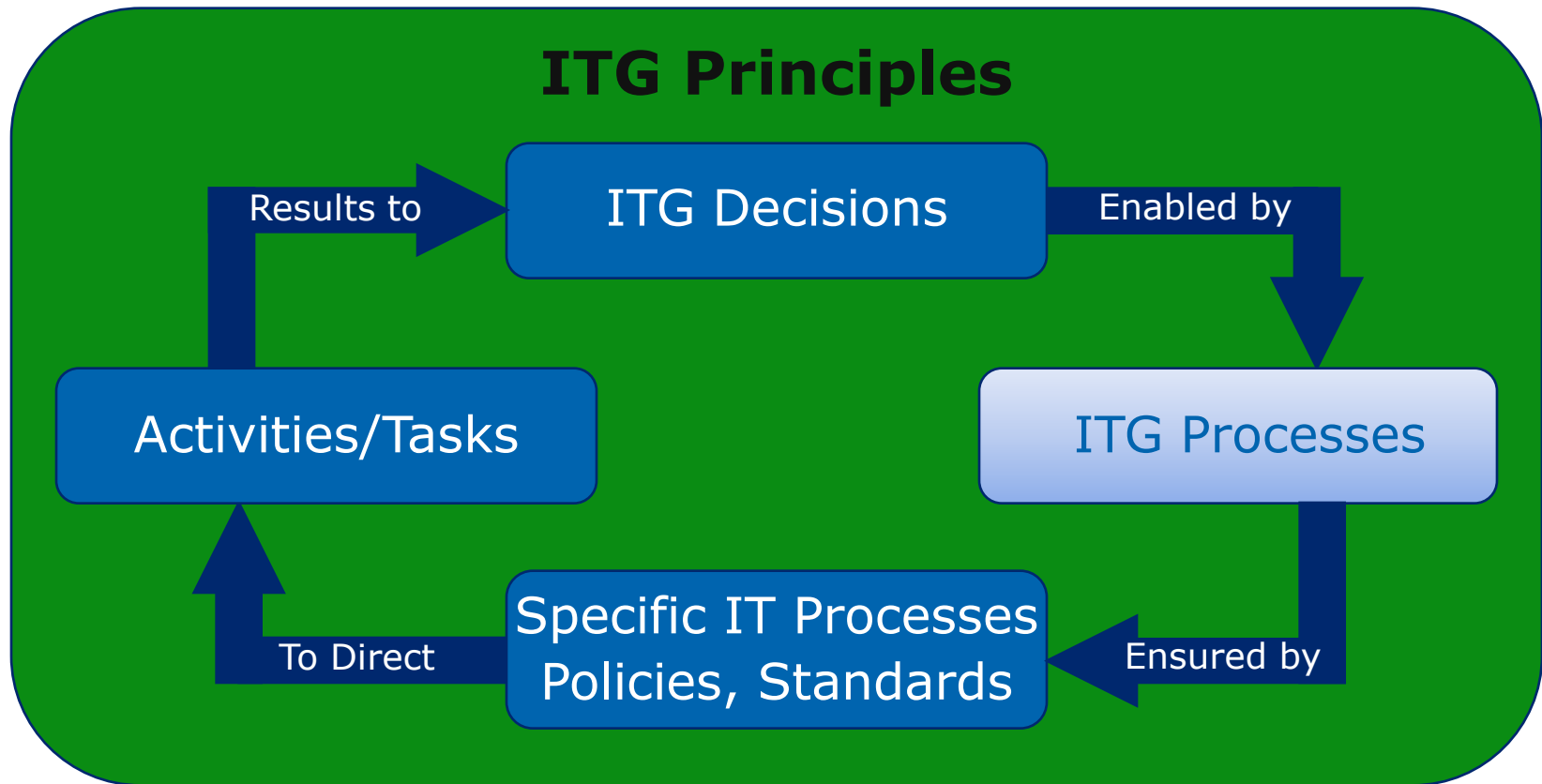
Board's Ability to Govern IT

- > To ensure IT is aligned with business strategy
- > To ensure IT brings value to the business
- > To ensure IT manages risk
- > To ensure IT manages resources
- > To ensure It manages performance
- > *IT matters are discussed predominantly on an ad hoc basis at the board level**



*According to the ITGI 2008 Survey of 255 Non-IT Executives

Why IT Governance? To Enable IT to Support Business Strategy



ITG Value Engine - Connection between business strategy and personnel action to realize the principles of IT Governance

IT Governance Processes Require Process Management

Changing from a Function-centric to a Process-centric Organization



- > Process design
- > Process implementation
- > Process management lifecycle
- > Process governance
- > Institutionalize processes

Organizational Accountability

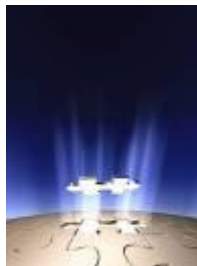
Examples of Decision-making Bodies

- > IT Governance Committee
- > IT Steering Committee
- > IT Policies & Standards Committee
- > IT Architecture Committee
- > Business Leadership
- > CFO, CIO, CTO, CISO
- > Process Owners



IT Governance Principle Metrics

Strategic Alignment



- > Show how IT supports the Enterprise Strategy
- > Show how IT Operations are aligned with current Enterprise Operations

Risk Management

- > Risk Controls
- > Transferring risk
- > Risk acceptance



Performance Management

- > Show how IT measures performance (balanced scorecard, KPIs, etc.)
- > Use of automated systems providing performance data and information

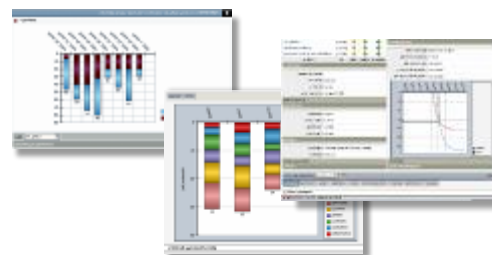
Value Delivery

- > Show how IT delivers appropriate quality on-time and within budget
- > Show how actual cost and ROI is managed



Resource Management

- > Show how IT optimizes the infrastructure
- > Show how IT optimizes human resources



Advice when Addressing IT Governance

- > Absolutely requires Executive sponsorship and leadership – Vision and Enablement
- > Absolutely requires Business participation – IT facilitates but the business must be a partner, if not the leader in the effort
- > Business process initiative – This requires skills in process management, design, implementation – and organizational change
- > Decisions require fact-based information – This requires a systematic approach to collect, integrate, analyze and provide meaningful data

Benefits of Sustainable IT Governance

IT Functions as a Business Partner Enabling Competitive Advantage



- > Executive leadership freed from day-to-day execution
- > IT freed from proving value
- > Focused on the future vision
- > **Exploring avenues to leverage IT for competitive advantage**
- > *IT's contribution to efficiency is deemed more important than its innovative value**

*According to the ITGI 2008 Survey of 255 Non-IT Executives

Wrap-up



Q&A

Thank you

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